SMALL/MID CAP HIGHLIGHTS

Oxford Innotech (OXB MK)

Strategic Leap: From Precision Roots To Multi-Sector Growth Powerhouse

OXB, a unique precision engineering solutions provider riding on the growth in semiconductors and modular building systems, is listing at an undemanding 12.3x 2026F PE. While 2025 will be a year of consolidation, we see multiple growth avenues driven by: a) a cyclical recovery, b) deepening integration in customers' growth roadmaps, and c) aggressive expansion, spearheading revenue/core net profit growth of 38%/60% in 2026. Initiate coverage with BUY; target price at RM0.48.

INVESTMENT HIGHLIGHTS

- **Riding dual turbo engines of growth into 2026.** Breaking away from the mould of typical precision engineering players, Oxford Innotech (OXB) has carved out a strategic presence across both high-growth and defensive sectors, spanning modular building systems, electrical and electronics, ergonomic furniture, industrial products and semiconductors. It also serves blue-chip clients. This strategic diversification has fortified OXB against industry headwinds and positioned it for sector upswings. Impressively, even amid the sharp semiconductor slump in 2023, OXB stayed firmly in the black, posting a RM8.0m net profit (-2% yoy) on a solid 16% margin. With the next upcycle in sight, OXB is primed for a breakout earnings growth of 60% heading into 2026.

- **Aggressive expansion to capture next tsunami of growth.** OXB has raised gross proceeds of RM41.6m, of which 55.5% and 26.9% have been earmarked for the construction of a new factory (+2.25x space) and the purchase of new machines (+16% capacity) respectively. Upon full completion (Phase 1 to begin operations in 2H25; Phase 2's completion by 3Q27), the total manufacturing areas will increase to 193,000 sf (+2.25x from 86,000), allowing for the installation of 25 additional machines (+16% from 158 currently) to significantly boost production capacity. This expansion comes at a time when OXB has maintained an optimal machine utilisation rate of 75% (two shifts) in 2024, underpinned by a jump in demand from its key customer, SIBS AB Group (SIBS).

- **Fuelled by SIBS' explosive expansion.** OXB's record-breaking 2024 performance (revenue/core net profit: +88%/+94%) was supercharged by a surge in its modular building systems segment, now contributing 46% of total revenue. This boom was largely driven by SIBS, a Sweden-based disruptor in modular construction, operating exclusively from its cutting-edge Penang plants. In 2024, OXB clinched a 10-year supply deal with SIBS to deliver precision sheet metal components and metal frames. While a brief order lull is expected in 2025 after the Saudi Arabia project handover, SIBS' hefty US$1.27b orderbook, with fresh traction in new overseas jobs, cements its role as a powerhouse growth driver for OXB over the long term.

Click here for Red Top dated 28 Jul 25

KEY FINANCIALS

Year to 31 Dec (RMm)	2023	2024	2025F	2026F	2027F
Net Turnover	49.5	92.9	73.9	102.3	115.6
EBITDA	15.9	26.6	17.9	30.0	34.5
Operating Profit	10.3	20.5	11.1	22.0	26.0
Net Profit	8.0	15.6	8.0	16.6	19.8
Net Profit (Adjusted)	8.0	15.6	10.3	16.6	19.8
EPS (sen)	1.1	2.2	1.5	2.3	2.8
PE (x)	25.6	13.2	19.9	12.3	10.4
P/B (x)	2.8	2.6	1.7	1.5	1.4
EV/EBITDA (x)	13.0	7.5	10.3	6.1	4.9
Dividend Yield (%)	2.9	4.9	1.3	2.0	2.4
Net Margin (%)	16.2	16.8	14.0	16.2	17.1
Net Debt/(Cash) to Equity (%)	19.1	21.1	(17.1)	(16.2)	(24.1)
Interest Cover (x)	(9.7)	(21.0)	(11.4)	(22.5)	(26.7)
ROE (%)	10.8	19.5	8.5	12.4	13.3

Source: OXB, Bloomberg, UOB Kay Hian

BUY

Share Price	RM0.29
Target Price	RM0.48
Upside	65.5%

COMPANY DESCRIPTION

Oxford Innotech is an integrated engineering solutions provider specialising in the design and manufacture of precision metal and plastic parts, mechanical assembly, automation and robotics solutions. It serves customers primarily in the automobile, E&E, ergonomic furniture, semiconductor and telecom industries. In addition, it serves manufacturers of modular building systems.

STOCK DATA

GICS sector	Metalworking Machinery
Bloomberg ticker:	OXB MK
Shares issued (m):	710.0
Market cap (RMm):	205.9
Market cap (US$m):	48.8
3-mth avg daily t'over (US$m):	n.a.

Price Performance (%)

52-week high/low				N.A.
1mth	**3mth**	**6mth**	**1yr**	**YTD**
-	-	-	-	-

Major Shareholders	**%**
Ng Thean Gin	27.7
Lee Lai Chan	14.7
Teh Teng Wah	13.0
FY25 NAV/Share (RM)	0.33
FY25 Net Cash/Share (RM)	0.19

Source: Bloomberg

ANALYST(S)

Desmond Chong
+603 2147 1980
desmondchong@uobkayhian.com

Ku Wei Xiang
+603 2147 1916
weixiang@uobkayhian.com

STOCK IMPACT

- **Strategic amalgamation to weather industry headwinds and capture sector upswings.** OXB boasts a solid track record spanning over 23 years since its inception in 2002 as a precision engineering component manufacturer. Over the years, the group has progressively expanded its business scope and cemented its reputation as a trusted manufacturing partner, as evidenced by long-standing relationships with both MNCs and local customers. A significant milestone in its corporate journey was marked by the strategic evolution and amalgamation of its subsidiaries, each contributing distinct capabilities that have culminated in OXB's transformation into an integrated engineering leader. By 2023, the group had successfully repositioned itself as a comprehensive solutions provider with strong competencies in automation robotics, and high-precision manufacturing.

- This strategic consolidation set the stage for a breakout year in 2024, as the Lollapalooza Effect came into play – a convergence of multiple reinforcing factors such as proven capabilities, market tailwinds, and customer confidence in its new form. As a result, OXB was awarded one of its most substantial supply contracts to date by SIBS, further validating its value proposition and unlocking the next phase of growth.

- **Forecasting a two-year revenue/core net profit CAGR of 25%/38%** after earnings consolidation in 2025. We expect OXB's revenue and core net profit to dip by 20%/34% respectively, reflecting a temporary order replenishment gap after the Saudi Arabia project handover, capex delays, and broader industry consolidation triggered by the Reciprocal Tariff policy. Thereafter, we anticipate a recovery in 2026 underpinned by increased order loadings from semiconductor clients and new contract wins from SIBS, particularly in the Saudi Arabia and UK markets.

EARNINGS REVISION/RISK

- **Earnings revision:** None.

VALUATION/RECOMMENDATION

- **Initiate coverage with BUY and target price of RM0.48,** based on a conservative 20.0x 2026F PE which is at a 40% discount to the seven-year average forward PE of semiconductor production equipment players. Such conservatism is to reflect mid-cycle valuation for its lull performance in 2025. Listing at an undemanding 12.3x 2026 PE (or 20x 2025F PE on trough earnings), OXB has ample share price upside from here as we expect 2026 revenue/net profit to improve sharply by 38%/60%, underpinned by a cyclical recovery, deepening integration in customers' growth roadmaps, and increased job scope.

- Additionally, its robust three-year expansion pipelines, backed by a strong momentum from SIBS and industry upswings, could double its capacity and floorspace. On a fairer valuation of 25.0x 2026F PE in line with integrated engineering solution providers under our coverage, the stock would be worth RM0.58.

MAJOR CUSTOMER PROFILE

SIBS
Subsidiary of Sweden-based SIBS Group, focused on modular building systems.

Klitz Vibrant
Company specialises in modular kitchen and cabinetry solutions.

Amphenol Group
NYSE-listed. Engaged in design and manufacture of connectors, antennas, sensors, and cables.

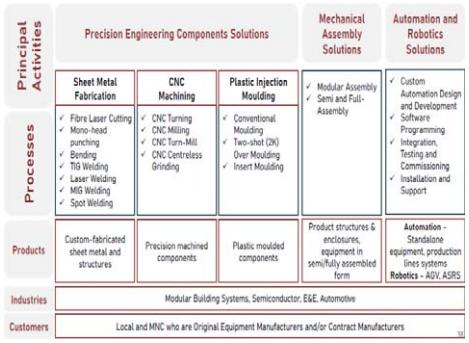
Siasun Group
Shenzhen Stock Exchange-listed. Specialises in industrial robots and intelligent automation solutions.

CTRM Aero Composites
Company specialises in manufacture and assembly of composites for aerospace industry.

Our clientele includes companies listed on: Nasdaq, KOSDAQ, Bursa Malaysia, SGX, NYSE, SIX Swiss Exchange, Shenzhen Stock Exchange

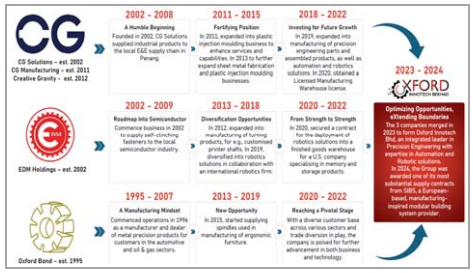
Source: OXB

OVERVIEW OF PRODUCTS AND SERVICES



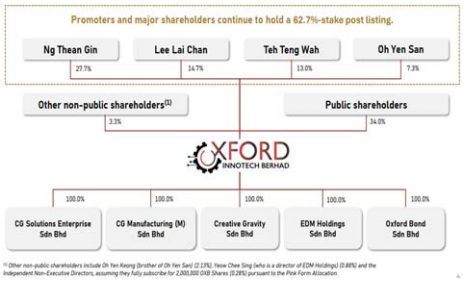
Source: OXB

KEY MILESTONES



Source: OXB

GROUP STRUCTURE AFTER THE LISTING


Promoters and major shareholders continue to hold a 62.7%-stake post listing.
Ng Thean Gin
Lee Lai Chan
Teh Teng Wah
Oh Yen San
Other non-public shareholders
Public shareholders
OXFORD INNOTECH BERHAD
CG Solutions Enterprise Sdn Bhd
CG Manufacturing (M) Sdn Bhd
Creative Gravity Sdn Bhd
EDM Holdings Sdn Bhd
Oxford Bond Sdn Bhd

Source: OXB

REVENUE BY SEGMENT

Revenue Breakdown by Business Segments

(RM'm, FYE Dec)	FYE 2022		FYE 2023		FYE 2024	
	Revenue	%	Revenue	%	Revenue	%
Precision Engineering Components Solutions	8.3	24.7%	21.4	43.2%	44.7	48.2%
Sheet Metal Fabrication	3.4	10.1%	7.3	14.7%	29.0	31.2%
CNC Machining	3.0	8.9%	12.1	24.5%	13.6	14.7%
Plastic Injection Moulding	1.9	5.7%	2.0	4.0%	2.1	2.3%
Mechanical Assembly Solutions	19.1	56.9%	21.0	42.4%	43.0	46.2%
Automation and Robotics Solutions	1.4	4.1%	7.1	14.4%	5.2	5.6%
Others*	4.8	14.3%	-	-	-	-
Total revenue	33.6	100.0%	49.5	100.0%	92.9	100.0%

Source: OXB

TIMELINE FOR CONSTRUCTION OF NEW FACTORY

Estimated timeframe	Milestones
3rd quarter 2025	Submission of building plans for Penang Science Park Factory 2 (Phase 2) to the relevant authorities
4th quarter 2025	Receipt of approved building plans for Penang Science Park Factory 2 (Phase 2) from the relevant authorities
1st quarter 2026	Commencement of the construction works for Penang Science Park Factory 2 (Phase 2)
1st quarter 2027	Completion of the construction works for Penang Science Park Factory 2 (Phase 2)
2nd quarter 2027	Issuance of the CCC for Penang Science Park Factory 2 (Phase 2) Submission of application for manufacturing licence, business premise licence and LMW licence for Penang Science Park Factory 2 (Phase 2)
3rd quarter 2027	Issuance of manufacturing licence, business premise licence and LMW licence for Penang Science Park Factory 2 (Phase 2) by the relevant regulatory authorities Commencement of operations at Penang Science Park Factory 2 (Phase 2)

Source: OXB

PEER COMPARISON

Company	Share Price 25 Jul 25 (RM)	Market Cap (RMm)	PE Curr (x)	PE 1Y Fwd (x)	PE 2Y Fwd (x)	P/BV 1Y Fwd (x)	Dividend Yield Curr (x)	Dividend Yield 1Y Fwd (x)
Northeast Group	0.64	473.6	35.1	26.9	17.9	1.6	0.0	0.0
SFP Tech Holdings	0.20	468.0	13.3	10.0	8.7	1.7	1.3	1.5
Coraza Integrated	0.485	239.7	53.9	19.6	16.9	1.6	0.0	0.0
UWC Berhad	2.25	2,479.5	160.7	48.7	26.0	5.2	0.0	0.3
Sam Engineering & Equipment	4.07	2,755.3	29.9	27.7	23.1	1.9	0.7	0.8
Average			58.6	26.6	18.5	2.4		
Oxford Innotech	*0.29*	*205.9*	*13.2*	*19.9*	*12.3*	*1.7*	*1.3*	*2.0*

Source: OXB

UTILISATION OF IPO PROCEEDS

Utilisation of Proceeds	Estimated Timeframe for Utilisation*	(RMm)	(%)
Construction of the new factory	Within 24 months	23.1	55.5
Purchase of new machines	Within 30 months	11.2	26.9
Working capital	Within 18 months	3.3	8.0
Estimated listing expenses	Within 1 month	4.0	9.6
Total		41.6	100

** From the date of listing of shares on the ACE market*

Source: OXB

PROFIT & LOSS

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Net Turnover	92.9	73.9	102.3	115.6
EBITDA	26.6	17.8	29.8	34.4
Depreciation & Amortisation	6.1	6.7	7.8	8.3
EBIT	20.5	11.1	22.0	26.0
Associate Contributions	0.0	0.0	0.0	0.0
Net Interest Income/(Expense)	-1.0	-1.0	-1.0	-1.0
Pre-tax Profit	19.6	10.1	21.0	25.1
Tax	-4.1	-2.1	-4.4	-5.3
Minorities	0.0	0.0	0.0	0.0
Net Profit	15.6	8.0	16.6	19.8
Net Profit (Adjusted)	15.6	10.3	16.6	19.8

BALANCE SHEET

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Fixed Assets	38.9	49.8	58.6	59.8
Other LT Assets	19.2	19.2	19.2	19.2
Cash/ST Investment	12.8	50.4	51.1	65.0
Other Current Assets	38.4	31.1	42.0	47.3
Total Assets	138.5	177.8	196.4	215.0
ST Debt	2.0	2.0	2.0	2.0
Other Current Liabilities	21.7	18.5	23.7	26.5
LT Debt	4.1	4.1	4.1	4.1
Other LT Liabilities	6.9	6.9	6.9	6.9
Shareholders' Equity	80.1	121.1	133.6	148.4
Minority Interest	0.0	0.0	0.0	0.0
Total Liabilities & Equity	138.5	177.8	196.4	215.0

CASH FLOW

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Operating	11.9	19.7	19.6	26.6
Pre-tax Profit	19.6	10.1	21.0	25.1
Tax	-4.1	-2.1	-4.4	-5.3
Depreciation & Amortisation	4.3	6.7	7.8	8.3
Associates	0.0	0.0	0.0	0.0
Working Capital Changes	-12.0	4.1	-5.8	-2.5
Other Operating Cashflows	1.3	0.0	0.0	0.0
Investing	-4.4	-15.7	-14.7	-7.7
Capex (Growth)	-4.3	-15.7	-14.7	-7.7
Investments	0.1	0.0	0.0	0.0
Proceeds from Sale of Assets	0.1	0.0	0.0	0.0
Others	-0.3	0.0	0.0	0.0
Financing	-6.9	33.0	-4.2	-5.0
Dividend Payments	-4.0	-8.6	-4.2	-5.0
Issue of Shares	0.0	0.0	0.0	0.0
Proceeds from Borrowings	3.4	0.0	0.0	0.0
Loan Repayment	-5.4	0.0	0.0	0.0
Others/Interest Paid	-0.8	0.0	0.0	0.0
Net Cash Inflow (Outflow)	0.6	37.0	0.7	14.0
Beginning Cash & Cash Equivalent	12.7	13.3	50.4	51.1
Changes Due to Forex Impact	0.0	0.0	0.0	0.0
Ending Cash & Cash Equivalent	13.3	50.4	51.1	65.0

KEY METRICS

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA Margin	28.7	24.1	29.1	29.7
Pre-tax Margin	21.1	13.7	20.5	21.7
Net Margin	16.8	14.0	16.2	17.1
ROA	11.3	5.8	8.5	9.2
ROE	19.5	8.5	12.4	13.3
Growth				
Turnover	87.6	-20.4	38.4	13.0
EBITDA	67.7	-33.1	67.1	15.5
Pre-tax Profit	110.2	-48.4	107.3	19.3
Net Profit	93.7	-48.6	107.3	19.3
Net Profit (Adjusted)	93.7	-33.6	60.4	19.3
EPS	93.7	-33.6	60.4	19.3
Leverage				
Debt to Total Capital	21.5	16.7	15.2	13.8
Debt to Equity	37.1	24.6	22.3	20.0
Net Debt/(Cash) to Equity	21.1	-17.0	-16.0	-23.8
Interest Cover (x)	-21.0	-11.4	-22.5	-26.7

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